DEPARTMENT OF THE ARMY
CHICAGO DISTRICT, U.S. ARMY CORPS OF ENGINEERS
111 NORTH CANAL STREET
CHICAGO IL 60606-7206

REPLY TO
ATTENTION OF

Technical Services Division
Construction – Operations Branch

Indiana Department of Natural Resources (IDNR)
Division of Water
402 West Washington Street, Room W264
Indianapolis, Indiana 46204-2641

AUG 01 2005

Dear Sir or Madam:

The U.S. Army Corps of Engineers (USACE), Chicago District, is proposing to perform maintenance dredging in the vicinity of the Northern Indiana Public Service Company (NIPSCO) Bailly Generating Station intake structure, located near Burns Waterway Harbor in Porter County, Indiana. The proposed activities include the annual dredging of approximately 100,000 to 400,000 cubic yards of sand from the vicinity of the intake structure using mechanical and/or hydraulic dredging equipment and occasionally dredging sand from the pipes within the intake structure using hydraulic dredging equipment. The first annual dredging event is planned for the summer of 2006. Two locations west of the Burns Small Boat Harbor are proposed for the disposal of the dredged material and, for both locations, the sand shall be used for beach nourishment. The proposed disposal methods are placement by barge in the near-shore of Lake Michigan or by pumping the sand directly onto the existing beach using hydraulic equipment. The USACE, Chicago District, is requesting a five-year Navigable Waterways Act Permit.

This letter includes a report concerning the project, which contains the Permit Application For Construction (State Form 42946), grain size analyses and correspondence, and project photographs. The Adjacent Property Owners Listing (State Form 52086), with an example public notice, will be provided in the near future.

We appreciate your attention and look forward to hearing from you in regard to this matter. If you have any questions, feel free to contact Richard Saichek at (312) 846-5507.

Sincerely,

Jeffrey K. Zuercher

Jeff Zuercher, P.E.
Project Manager

1 Enclosure

Application For Five-Year Navigable Waterways Act Permit From the Indiana Department of Natural Resources For Maintenance Dredging in the Vicinity of the Northern Indiana Public Service Company (NIPSCO) Bailly Generating Station Water Intake Structure

Chesterton, Indiana

Prepared by:

U.S. Army Corps of Engineers, Chicago District
111 North Canal Street, Suite 600
Chicago, Illinois 60606-7206

1. Introduction

Recently, the U.S. Congress authorized and directed the U.S. Army Corps of Engineers (USACE) to dredge sediments in the vicinity of the Bailly Generating Station intake structure, near Burns Waterway Harbor in Porter County, Indiana. The source for this U.S. Congressional direction can be located under House of Representatives (H.R.) 4818, the Consolidated Appropriations Act of 2005 – Section 121 (Burns Harbor, Indiana). As a result of this direction, the USACE, Chicago District, proposes to dredge annually in the vicinity of the intake structure, and the first annual dredging event is planned for the summer of 2006. This report and the attached application form (Permit Application For Construction – State Form 42946) in Appendix A are being submitted to the Indiana Department of Natural Resources, Division of Water, to request a Navigable Waterways Act Permit (IC 14-29-1). The USACE, Chicago District, proposes that the Navigable Waterways Act Permit be granted for a five-year period.

2. Background

The purpose of this project is to perform maintenance dredging around the intake structure for the Bailly Generating Station, which is owned and operated by the Northern Indiana Public Service Company (NIPSCO). The sand that accumulates near the intake structure must be periodically dredged to prevent sand and debris from clogging the screens and cooling tubes and to reduce the amount of sand entering the generating station. The sand entering the generating station has been causing excessive wear and damage to the station's equipment, and the accumulation of sand around the structure has contributed to increasing the temperature of the intake water. When the temperature of the intake water reaches an unacceptable level, the Bailly Generating Station must temporarily shut down, and, historically, intake water temperatures have occasionally reached unacceptable levels during the summer months of July, August, and September. Maintenance dredging in the vicinity of the intake structure will help ensure the continuous operation of the facility and a more reliable source of electricity for the local area.

The Bailly Generating Station was constructed in the early 1960s, and a substantial amount of sand began to accumulate lakeward of the Bailly Generating Station and around the intake structure during the mid to late 1970s. The accretion of sand around the intake structure has mainly been attributed to the prevailing littoral drift, which generally transports the sand from the east toward the west in this near-shore region of Lake Michigan. The construction of a breakwater for a steel plant in the late 1960s to early 1970s, approximately 2,000 feet west of the intake structure, has contributed to the accumulation of sand around the intake structure. As a result of the sand accumulation, it was necessary for the NIPSCO to dredge in the vicinity of the intake structure in 1980, and the NIPSCO has conducted subsequent maintenance dredging events in 1982, 1986, 1989, 1992, 1995, and 1997.

Information the USACE, Chicago District, received from the NIPSCO shows that samples of the material proposed for dredging were most recently collected and analyzed for grain size in 1992 and 1995. Both grain size analyses indicated that the material was primarily composed of sand (greater than 92% sand). The grain size analyses also indicated that less than 2% of the material was composed of fines (silt or clay sized particles). These grain size analyses have been included in Appendix B.

In a correspondence dated July 8, 1999, the IDNR provided the NIPSCO (Mr. Kevin Hoge) a Certificate of Approval (Application #: LM-117) to dredge material from around the intake structure and discharge flume of the Bailly Generating Station and to dispose of the material at three neighboring locations in the near-shore region of Lake Michigan. This permit was approved on July 2, 1999 and it expired July 2, 2004. This historical correspondence has been included in Appendix B along with a recent correspondence from the NIPSCO that endorses the USACE, Chicago District, dredging around the intake structure. Although the USACE, Chicago District, is similarly proposing to dredge material from around the intake structure and discharge flume and to use previously approved disposal sites, the USACE, Chicago District, is proposing several changes to the prior dredging activities performed by the NIPSCO. These proposed changes include enlarging the dredging area, potentially dredging a greater volume of material, modifying the disposal sites, and including the option of using hydraulic dredging equipment. These dredging activities are described in more detail below.

3. Dredging Activities

The USACE, Chicago District, is proposing to annually dredge approximately 100,000 – 400,000 cubic yards of sand from the vicinity of the NIPSCO Bailly Generating Station intake structure using mechanical and/or hydraulic dredging equipment. This project also includes occasionally dredging sand and removing debris from the pipes within the intake structure using hydraulic dredging equipment.

Figure 1 shows a regional map of the project location and disposal area, Figure 2 shows the proposed dredging area, and Figure 3 shows the proposed disposal areas. Figures 4 and 5 show the proposed approximate project dredging and disposal areas, respectively, on a 1:24,000 scale topographic map, as suggested by the IDNR Permit Application Assistance Manual. In addition to the figures, the following plates were included to provide a more accurate scale and greater detail of the project dimensions. Plate 1 shows the proposed dredging area, Plate 2 shows a cross-section of the dredging area with the proposed dredge depths, and Plate 3 shows the proposed disposal locations.

The dredging project location is the open water of Lake Michigan, approximately one mile east of the most northerly point of the Burns Waterway Harbor breakwater, and the disposal locations are located along the Lake Michigan shoreline adjacent to the Town of Ogden Dunes and adjacent to the Indiana Dunes National Lakeshore property that is west of the Burns Small Boat Harbor. The dredging and disposal locations are both located in Porter County (#64) Indiana. The dredging location is in the civil township of Westchester, the Dune Acres Quadrangle, SW ¼, SW ¼, SW ¼, Section 21, Township 37N, Range 6W. The disposal locations are located in the civil township of Portage, the Ogden Dunes Quadrangle, Section 26, Township 37N, Range 7W.

The two potential locations proposed for the disposal of the dredged material are shown in Figure 3 and Plate 3, and, for both locations, the sand shall be used for beach nourishment. The USACE, Chicago District, proposes to place the sand by barge at a depth of less than 18 feet and within 1,500 feet of the Lake Michigan shoreline (in the surf zone), or by pumping the sand directly onto the existing beach using hydraulic equipment. It is proposed that the sand be distributed to one or both of the disposal locations during each dredging event, and the placement

of sand shall be primarily toward the eastern end of the disposal area to take into account the east to west littoral drift and to prolong beach nourishment. If the sand is placed directly on the existing beach, it is proposed that it be placed up to a maximum height of 8 feet above the Ordinary High Water Mark (OHWM), which is 581.5 feet, International Great Lakes Datum (IGLD) 1985. To protect fish and wildlife in accordance with recommendations from IDNR Division of Fish and Wildlife, dredging and disposal operations shall only be conducted during the time period from July 1st to October 14th. The project photographs are provided in Appendix C. Public notice Form N4, Adjacent Property Owners Listing, and an example public notice, shall be submitted in the near future.

4. Driving Directions

Exit Interstate 94 at S.R. 49, and follow S.R. 49 north to route U.S. 12. Proceed west on U.S. 12 for approximately 4-5 miles, and then turn north into the steel plant entrance. Follow the signs to Bailly Generating Station.

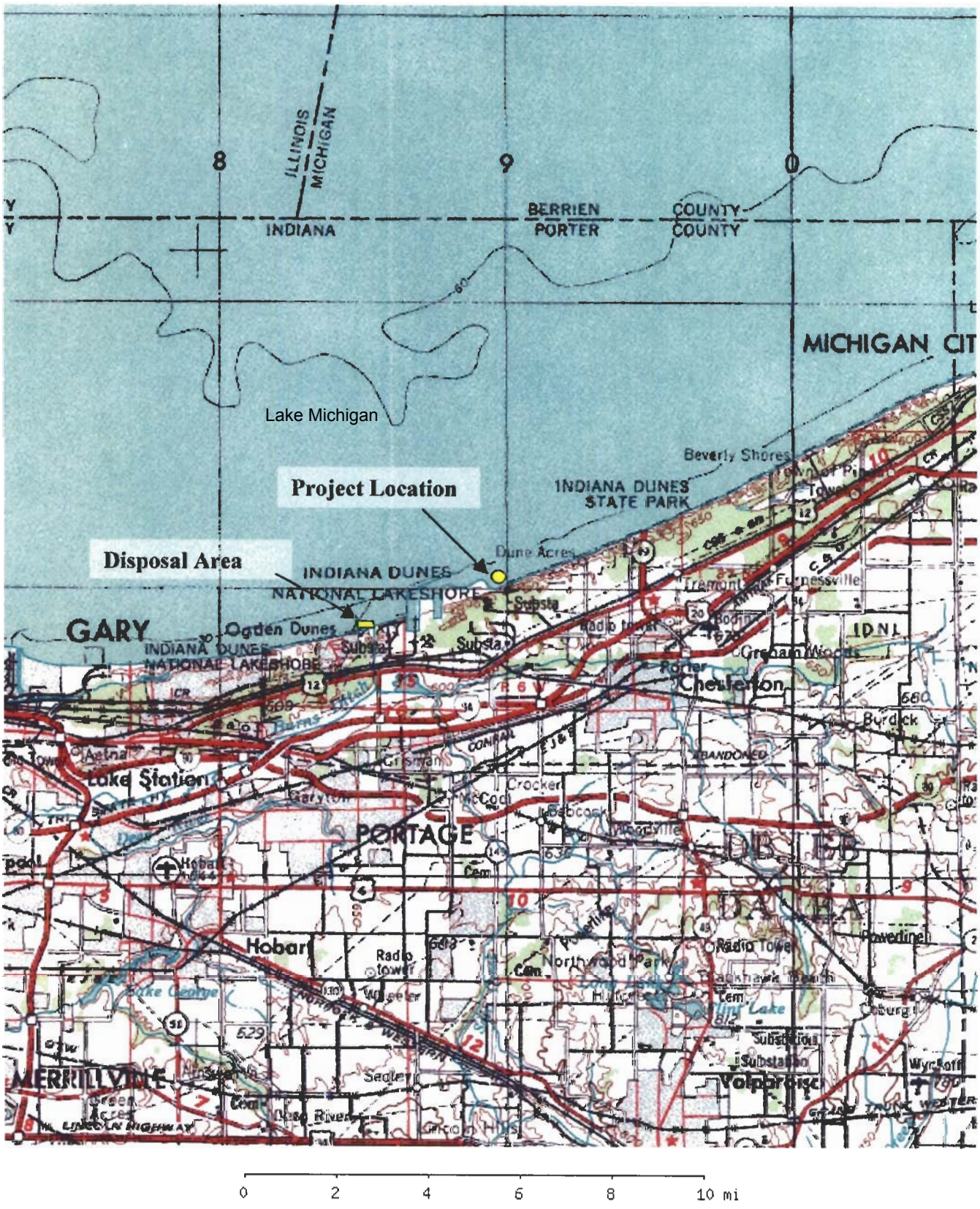


Figure 1. Regional Map of Project Location and Disposal Area

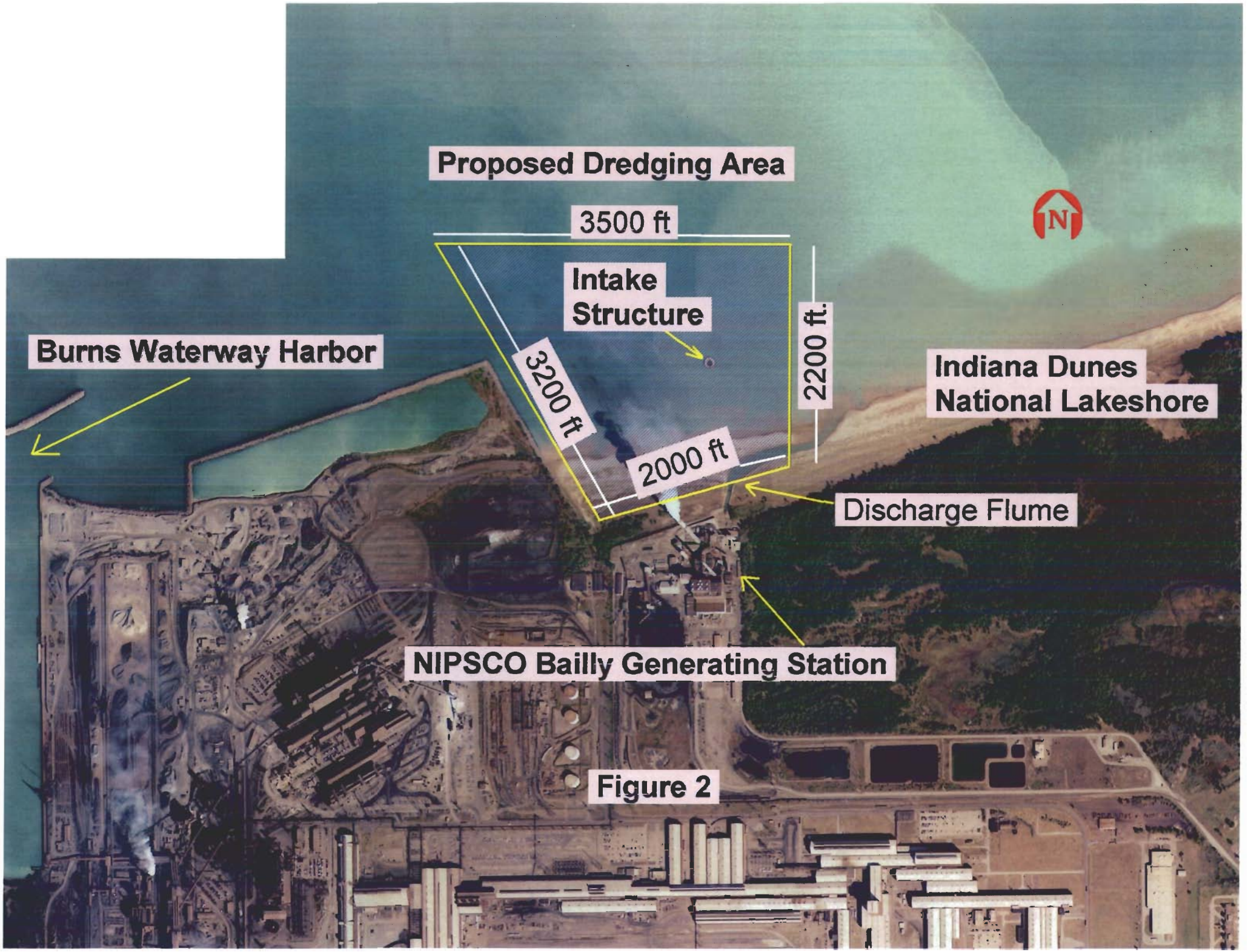

Proposed Dredging Area
3500 ft
Intake Structure
2200 ft.
3200 ft
2000 ft
Burns Waterway Harbor
Indiana Dunes National Lakeshore
Discharge Flume
NIPSCO Bailly Generating Station
N

Figure 2

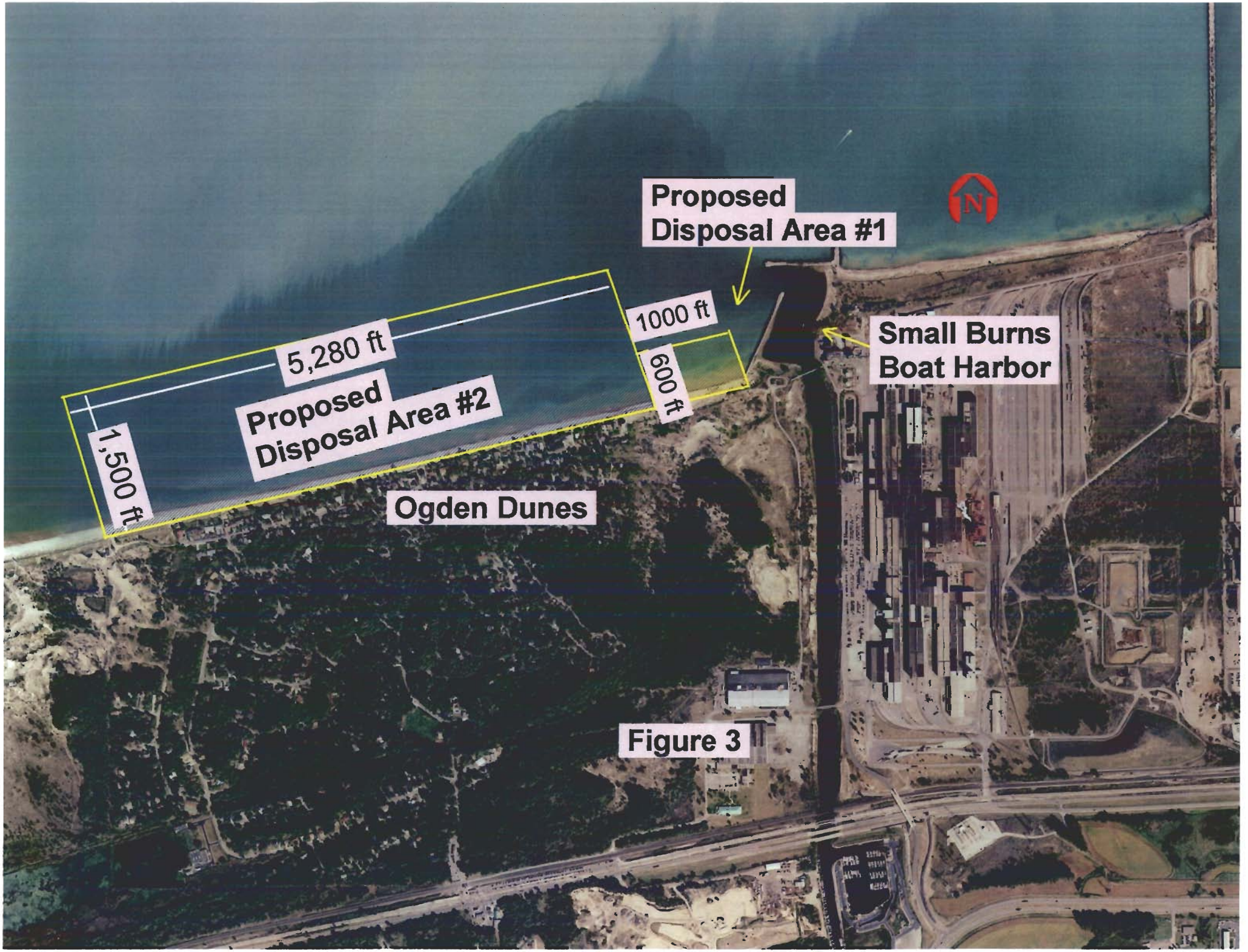

Proposed
Disposal Area #1
N
1000 ft
5,280 ft
Proposed
Disposal Area #2
600 ft
1,500 ft
Small Burns
Boat Harbor
Ogden Dunes

Figure 3

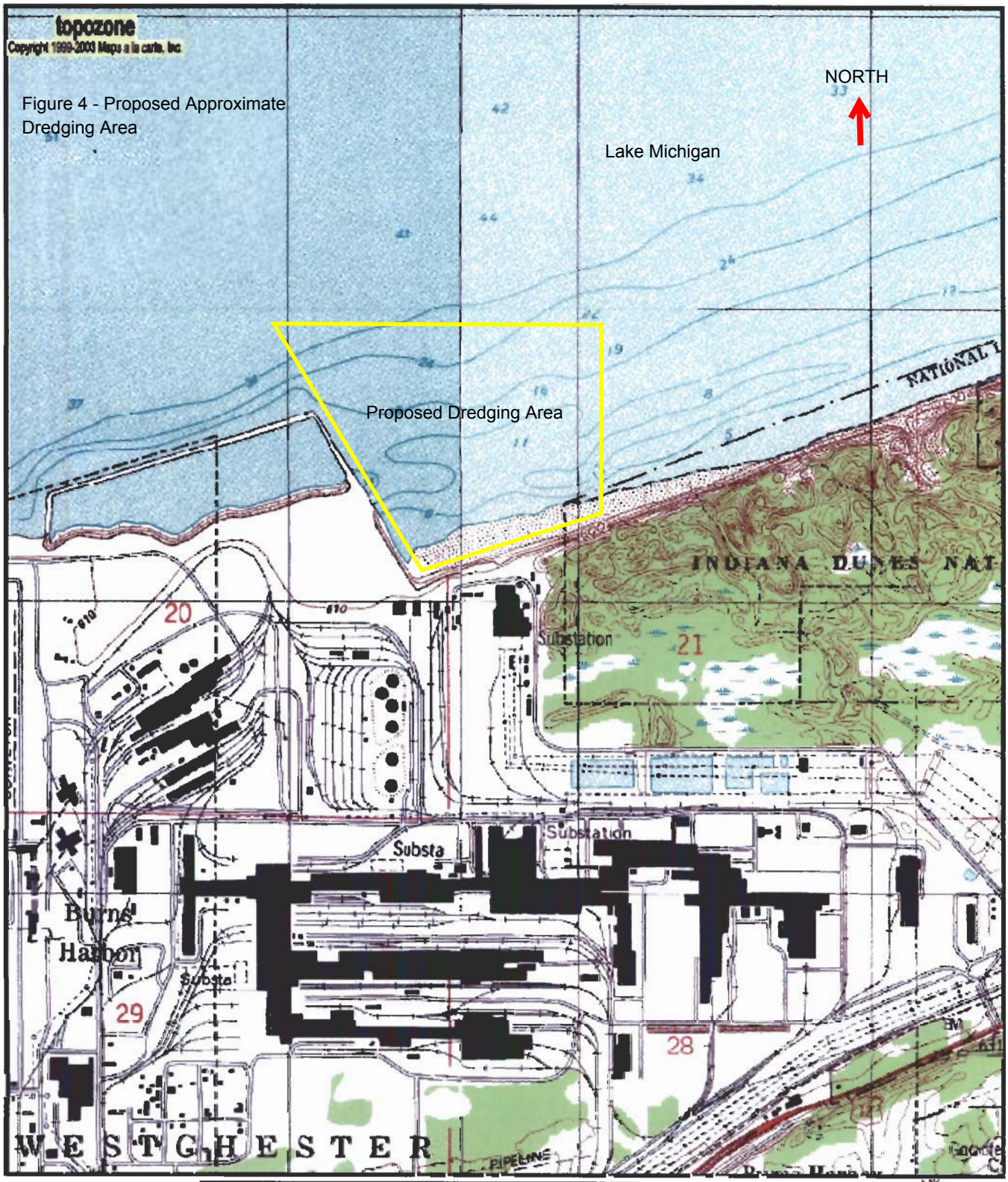
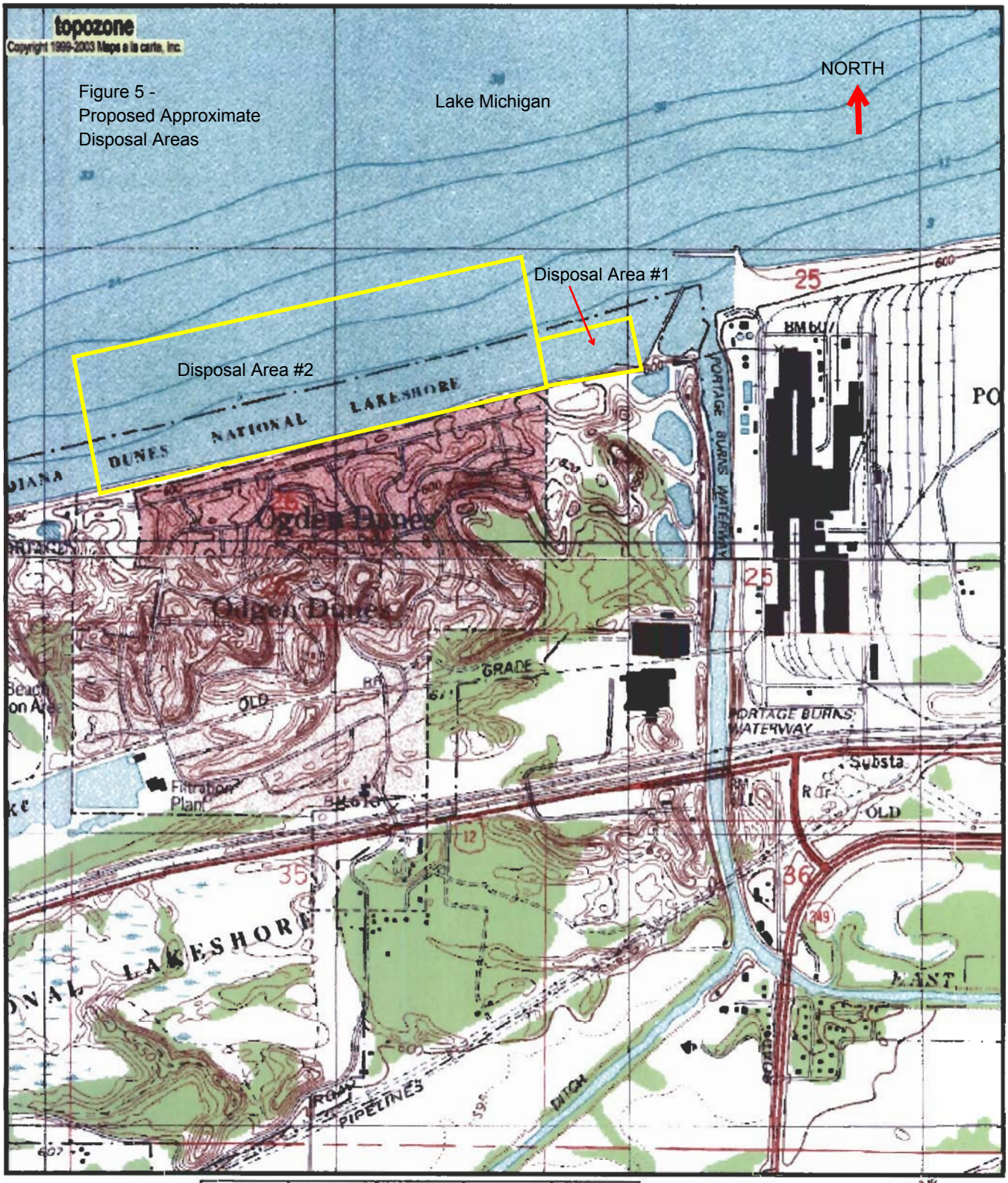


Figure 4 - Proposed Approximate Dredging Area

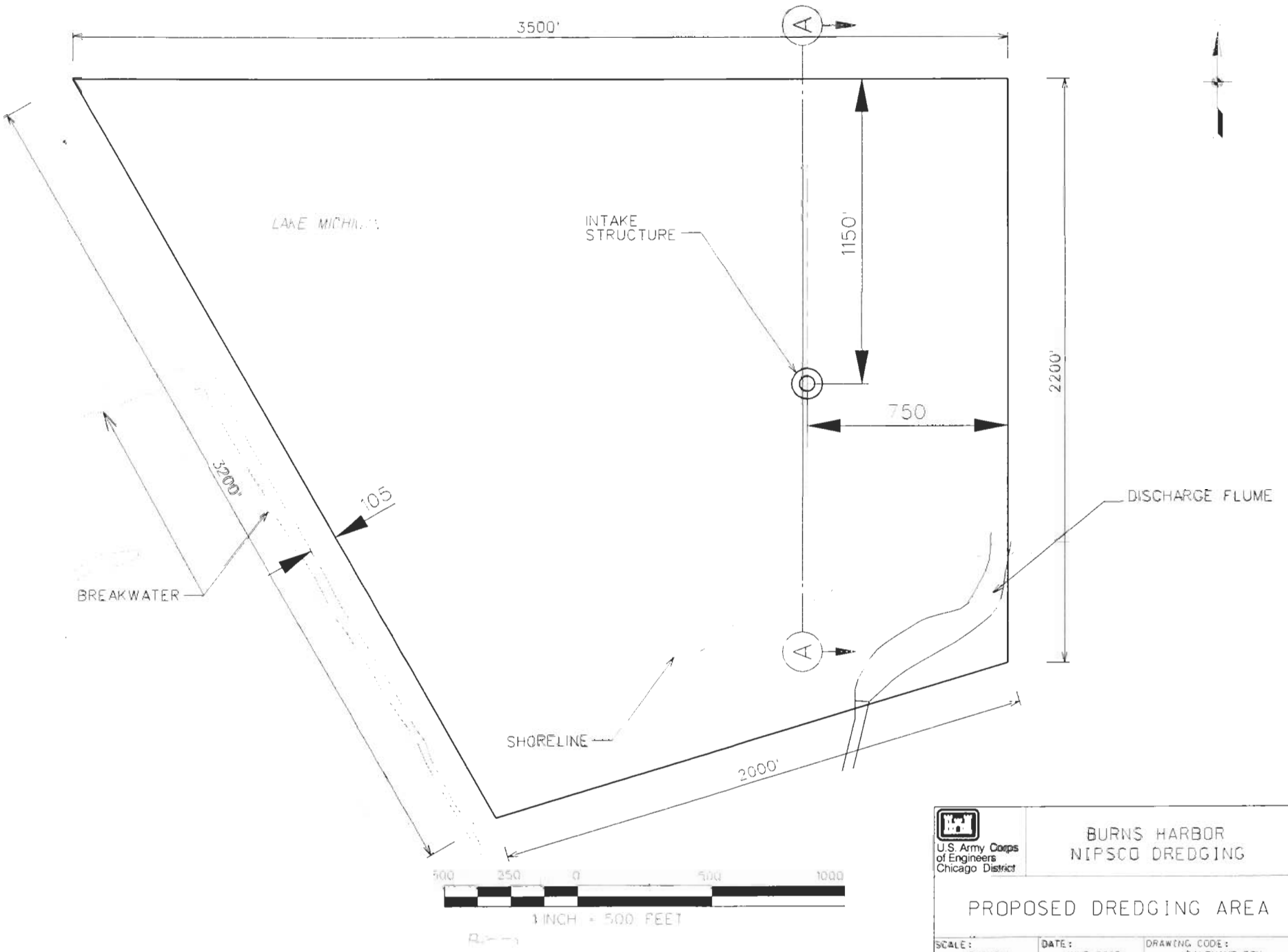
Map center is UTM 16 489744E 4610244N (WGS84/NAD83)
Dune Acres quadrangle
Projection is UTM Zone 16 NAD83 Datum

Applicant: U.S. Army Corps of Engineers, Chicago District
Project: NIPSCO Bailly Generating Station Water Intake Structure Dredging
Date: July 14, 2005, Scale: 1:24,000



Map center is UTM 16 484577E 4608043N (WGS84/NAD83)
Ogden Dunes quadrangle
Projection is UTM Zone 16 NAD83 Datum

Applicant: U.S. Army Corps of Engineers, Chicago District
Project: NIPSCO Bailly Generating Station Water Intake Structure Dredging
Date: July 14, 2005, Scale: 1:24,000



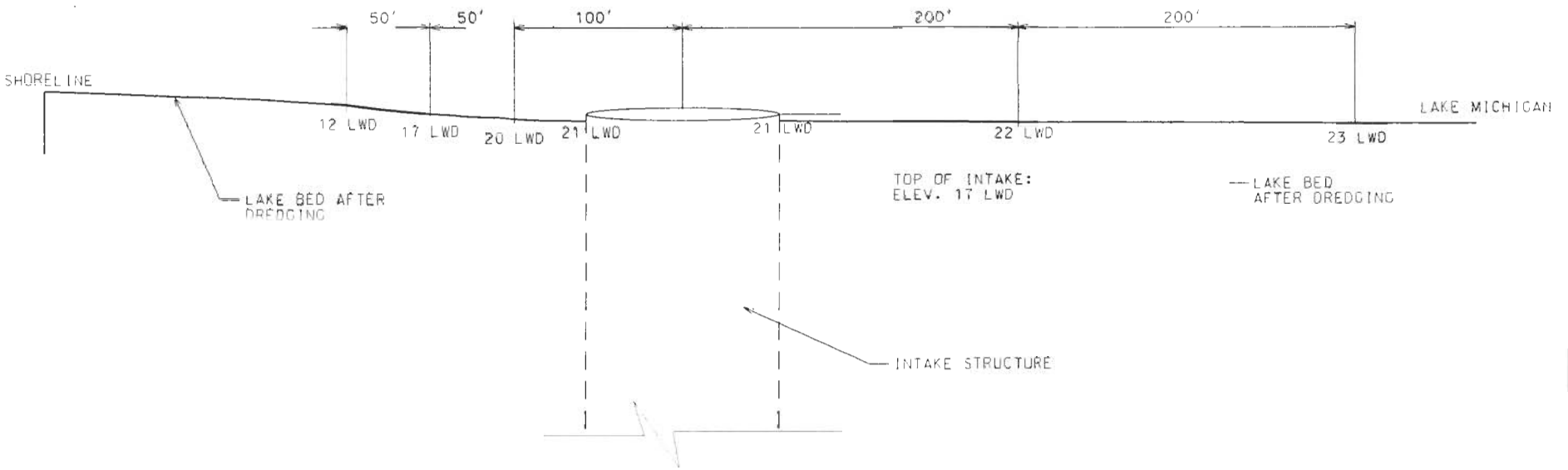
U.S. Army Corps of Engineers
Chicago District

BURNS HARBOR
NIPSCO DREDGING

PROPOSED DREDGING AREA

SCALE:	DATE:	DRAWING CODE:
AS SHOWN	JUNE 2005	FILENAME.DGN

PLATE 01



SECTION A/01

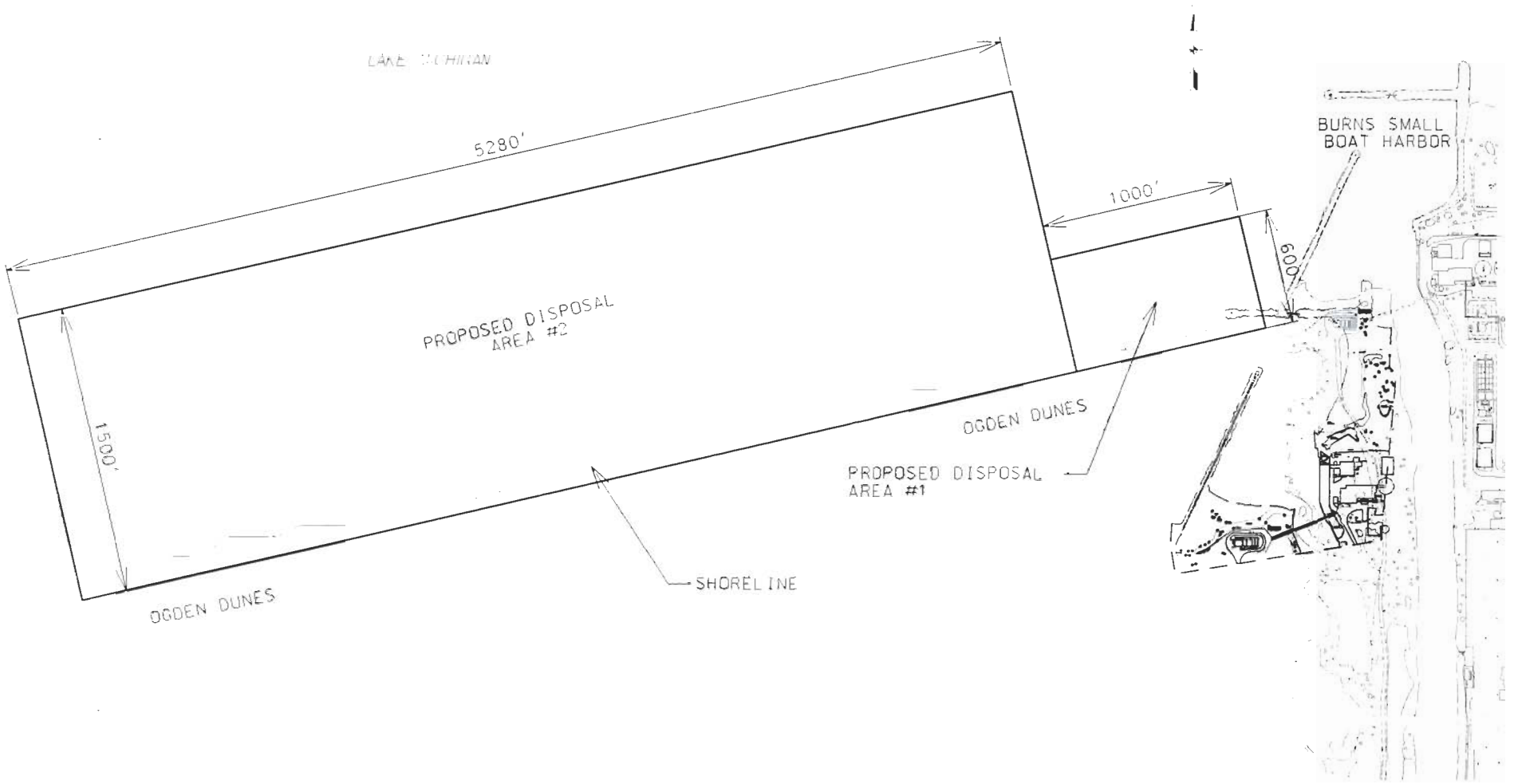
PLATE 02

U.S. Army Corps of Engineers
Chicago District

BURNS HARBOR
NIPSCO DREDGING

DREDGING CROSS-SECTION

SCALE:	DATE:	DRAWING CODE:
NTS	JUNE 2005	FILENAME.DGN



-800 0 800 1600

INCH = 800 FEET

U.S. Army Corps of Engineers
Chicago District

BURNS HARBOR
NIPSCO DREDGING

PROPOSED DISPOSAL
AREA #1 & #2

SCALE:	DATE:	DRAWING CODE:
AS SHOWN	JULY 2005	FILENAME.DGN

PLATE 03

Appendix A

Application Form For Navigable Waterways Act Permit

PERMIT APPLICATION FOR CONSTRUCTION

State Form 42946 (R6 / 2-05)
Approved by the State Board of Accounts, 2005

Mail To: **Department of Natural Resources Division of Water**
402 West Washington Street, Room W264
Indianapolis, Indiana 46204-2641
Telephone Number: (317) 232-4160
Toll Free: 1-877-928-3755
Fax Number: (317) 233-4579
www.IN.gov/dnr/water

Based on the "Permit Application Assistance Manual", I am submitting this application to perform work under:

Permit Type	Application Fee	Permit Type	Application Fee
☐ IC 14-26-2 Lake Preservation Act	$ 100.00	☐ IC 14-29-3 Sand and Gravel Permits Act	$ 50.00
☐ IC 14-26-5 Lowering of the Ten Acre Lake Act	$ 25.00	☐ IC 14-29-4 Construction of Channels Act	$ 100.00
☒ IC 14-29-1 Navigable Waterways Act	No Fee		
☐ IC 14-28-1 Flood Control Act, *(select one of the following:)*			
☐ Excavation, fill, or non-residential construction in a floodway			$ 200.00
☐ Residential reconstruction in a floodway, other than the Ohio River floodway			$ 50.00
☐ Residential construction, or reconstruction, in the Ohio River floodway			$ 10.00

PLEASE TYPE OR PRINT

1. APPLICANT INFORMATION

Name of Applicant: Chicago District, U.S. Army Corps of Engineers — Name of Contact Person: Richard Saichek

Applicant Mailing Address: 111 North Canal Street, Suite 600 (Street, P.O. Box or Rural Route) — Chicago (City) — Illinois (State) — 60606-7206 (ZIP Code)

Contact Information: Daytime Tele. # (312) 846-5507 — Fax # (312) 353-2156 — E-mail Address: richard.e.saichek@usace.army.mil

2. AGENT INFORMATION

Name of Agent: _____ — Name of Contact Person: _____

Agent Mailing Address: _____ (Street, P.O. Box or Rural Route) — _____ (City) — _____ (State) — _____ (ZIP Code)

Contact Information: Daytime Tele. # ( ) _____ — Fax # ( ) _____ — E-mail Address: _____

3. PROPERTY OWNER INFORMATION

Name of Property Owner: Northern Indiana Public Service Co. (NIPSCO) — Name of Contact Person: Tim Wright

Property Owner Mailing Address: 246 Bailly Station Road (Street, P.O. Box or Rural Route) — Chesterton (City) — Indiana (State) — 46304 (ZIP Code)

Contact Information: Daytime Tele. # (219) 787-7379 — Fax # (219) 787-7357 — E-mail Address: tewright@nisource.com

Relationship of applicant to property: See attached report — Other: Riparian property, intake structure and pipeline owned by NIPSCO

4. PUBLIC NOTICE *(See Permit Application Assistance Manual)*

Complete and submit SF # 52086 titled "Adjacent Property Owners Listing - Form N-4: Affirmation of personal service, 1st class mail service, or certified mail service

5. PROJECT DESCRIPTION 5.1 Description Narrative: *(See Permit Application Assistance Manual)*

See attached report

6. PROJECT LOCATION

6-1 Location Narrative: ***(See Permit Application Assistance Manual)*** **Stream/Lake Name:**

Lake Michigan, approximately one mile east of the most northerly point of the Burns Waterway Harbor breakwater, and the disposal location is along the Lake Michigan shoreline adjacent to the Town of Ogden Dunes (also see attached report).

6-2 Driving Directions: ***(See Permit Application Assistance Manual)***

Exit Interstate 94 at S. R. 49 and follow S. R. 49 north to Route U.S. 12. Proceed west on Route U.S. 12 for approximately 4-5 miles, and then turn north into the steel plant entrance. Follow the signs to Bailly Generating Station. (Please call prior to visiting the site.)

6-3 Special Information: ***(See Permit Application Assistance Manual)***

Please call prior to conducting a site visit.

6-4 Project Location Map: ***(See Permit Application Assistance Manual)*** See attached report

6-5 Project Site Map: ***(See Permit Application Assistance Manual)*** See attached report

7. DISTURBED AREA DRAWING

7-1 Drawing Requirements: ***(See Permit Application Assistance Manual)*** See attached report

8. PROJECT PHOTOGRAPHS

8-1 Images: ***(See Permit Application Assistance Manual)*** See attached report

8-2 Photo Orientation Map: ***(See Permit Application Assistance Manual)*** See attached report

8-3 Photo Documentation: ***(See Permit Application Assistance Manual)*** See attached report

9. RELATED PROJECT INFORMATION

Department of Natural Resources

Administrative Cause #	Related Application(s) #	Early Coordination #
Floodplain Analysis/Regulatory Assessment #	Violation #	Exemption #

Department of Environmental Management

Section 401 #

Corps of Engineers

Public Notice #	Section 404 Application #	Section 10 Application #

10. STATEMENT OF AFFIRMATION

I hereby swear or affirm, under the penalties for perjury, that the information submitted herewith is to the best of my knowledge and belief, true, accurate and complete. I further certify that I possess the authority to undertake the project. I hereby grant to the Department of Natural Resources, the right to enter the above-described location to inspect the work.

Linda M. Sorn — 7/29/05

Signature of Applicant or Authorized Agent ***(REQUIRED)*** **Date** ***(month, day, year)***

Name: Linda M. Sorn, P.E. Title: Chief, Technical Services Division, Chicago District

11. REGULATORY FEES

11-1 Regulatory Fees Submitted: ***(See Permit Application Assistance Manual)***

11-3 Payment Method: ***(See Permit Application Assistance Manual)***

REQUIREMENT FOR ADDITIONAL INFORMATION AND PERMITS

Application made to and approval granted by the Department of Natural Resources does not in any way relieve the applicant of the necessity of securing easements or other property rights, permits and approvals from affected property owners and other local, state, and federal agencies.

Appendix B

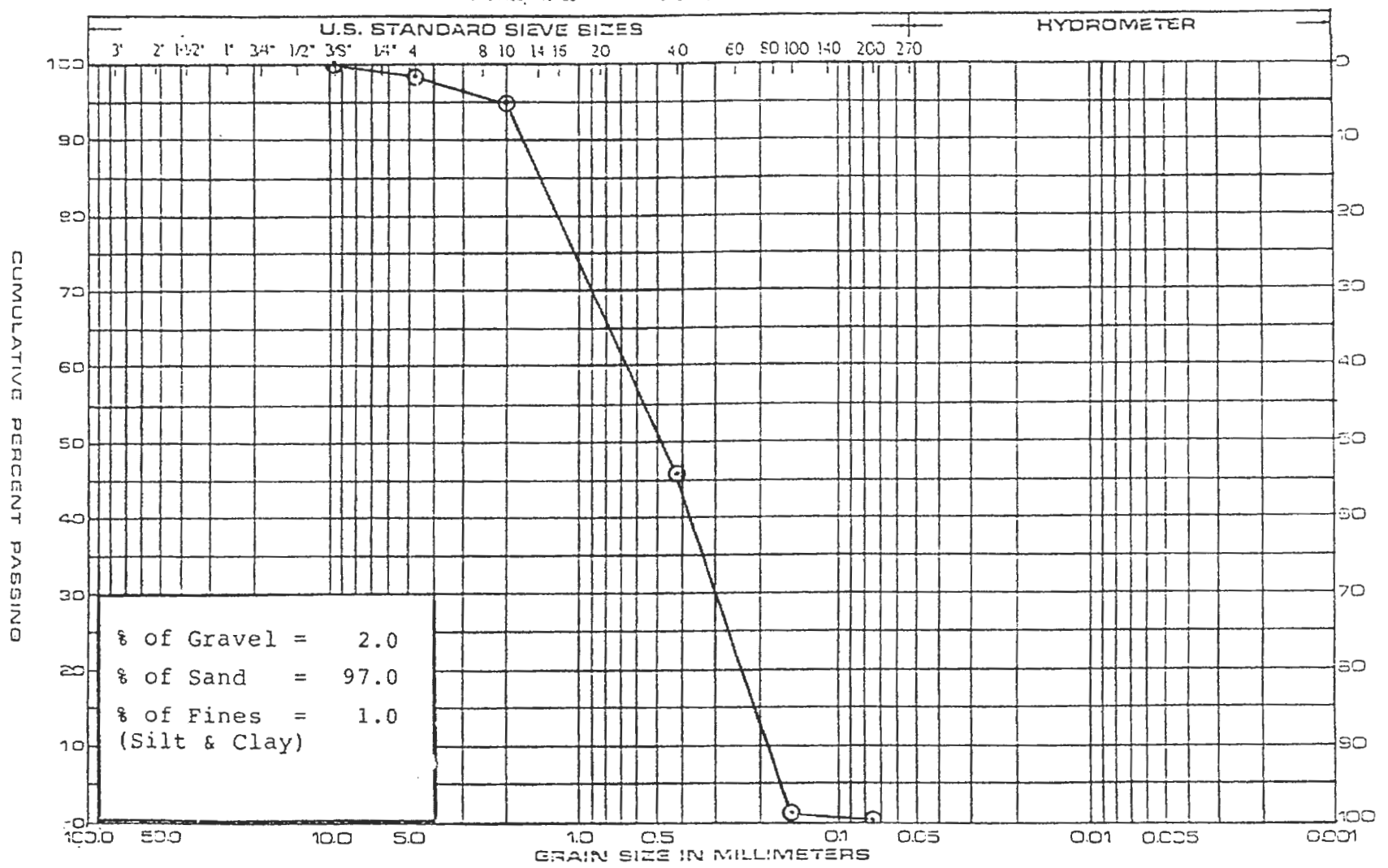
Historical Grain Size Analyses and Correspondence

1995 sample

K&S Testing and Engineering Inc.

9715 KENNEDY AVENUE • HIGHLAND, INDIANA 46322 • PHONE (219) 924-5231

PARTICLE SIZE DISTRIBUTION



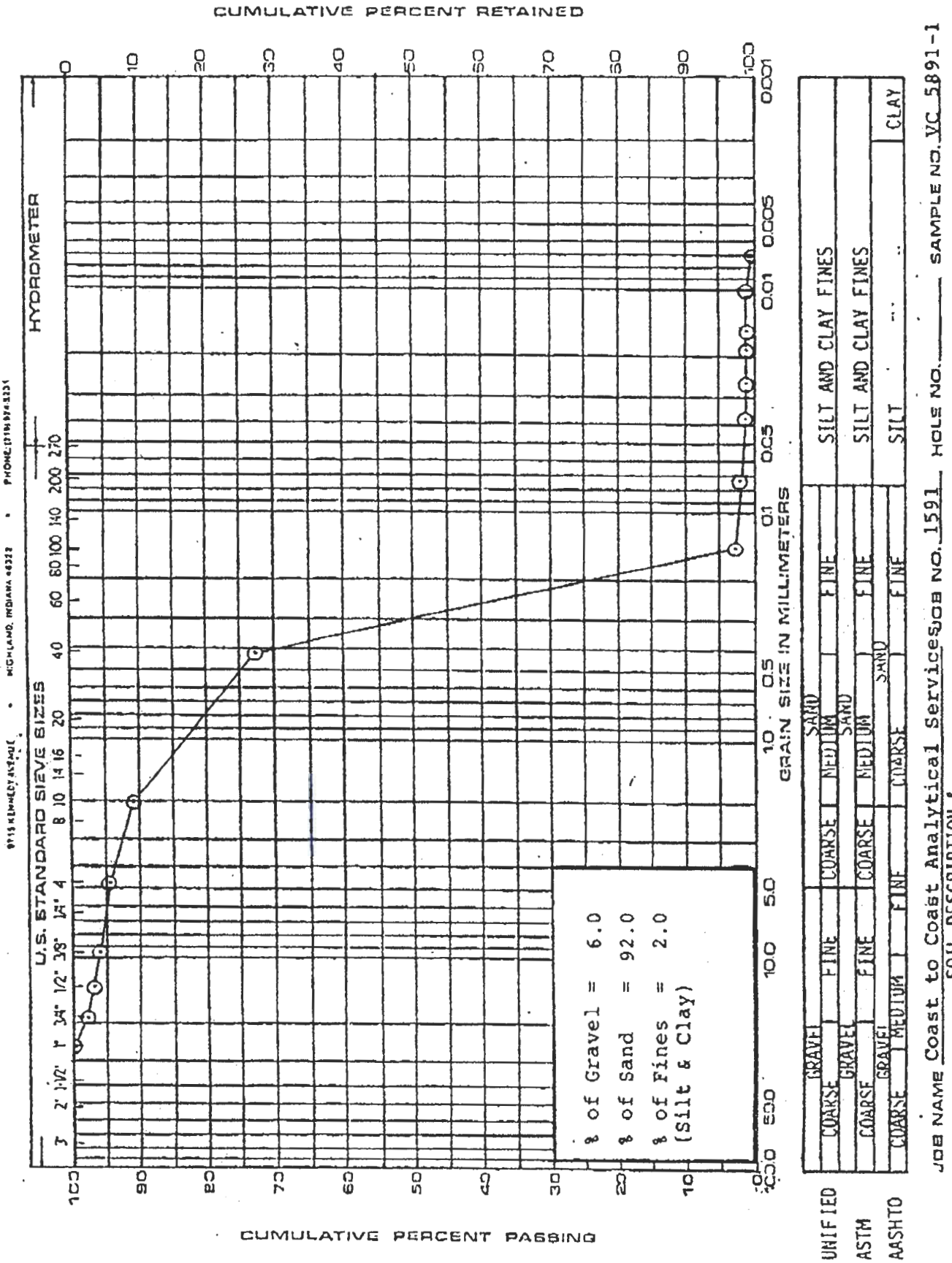
UNIFIED	GRAVEL			SAND			SILT AND CLAY FINES	
	COARSE		FINE	COARSE	MEDIUM	FINE		
ASTM	GRAVEL			SAND			SILT AND CLAY FINES	
	COARSE		FINE	COARSE	MEDIUM	FINE		
AASHTO	GRAVEL			SAND			SILT	CLAY
	COARSE	MEDIUM	FINE	COARSE		FINE		

JOB NAME BGS - Intake Dredge JOB NO. 3486 HOLE NO. - SAMPLE NO. -

DEPTH - SOIL DESCRIPTION & CLASSIFICATION Brown fine to coarse Sand, trace gravel and silt (SP)

PARTICLE SIZE DISTRIBUTION

EXHIBIT 1



K&S Testing and Engineering Inc.

JOB NAME Coast to Coast Analytical Services JOB NO. 1591 HOLE NO. _____ SAMPLE NO. VC 5891-1

DEPTH _____ SOIL DESCRIPTION 'Brown fine to coarse Sand, trace gravel & silt (SP)

CLASSIFICATION _____

1992 sample

A NiSource Company

Bailly Generating Station
246 Bailly Station Road
Chesterton, IN 46304

July 21, 2005

Richard E. Saichek
Environmental Engineer
US Army Corps of Engineers, Chicago District
111 North Canal Street, Suite 600
Chicago, IL 60606 - 7206

Dear Mr. Saichek:

Northern Indiana Public Service Company's Bailly Generating Station is aware the Army Corps of Engineers, Chicago office will be submitting an application to the Indiana Department of Natural Resources to allow dredging around our circulating water inlet structure. We fully support this effort.

I will be the NIPSCO contact for this project. Please feel free to contact me at 219.787.7379, tewright@nisource.com, or by fax at 219.787.7357 with any concerns you may have.

Sincerely,

Tim Wright
Principal Engineer

STATE OF INDIANA
DEPARTMENT OF NATURAL RESOURCES

CERTIFICATE OF APPROVAL
LAKE MICHIGAN

MAILED

JUL 0 8 1999

APPLICATION #: LM-117

LAKE : Lake Michigan

APPLICANT : Northern Indiana Public Service
Company Bailly Generating Station
Kevin E. Hoge
5265 Hohman Avenue
Hammond IN 46320

RECEIVED
JUL 14 1999
ENVIRONMENTAL DEPT.

AUTHORITY : IC 14-29-1 with 312 IAC 6

DESCRIPTION : The bed of Lake Michigan will be mechanically dredged around the water intake structure and discharge flume at the NIPSCO Bailly Generating Plant to a depth of 21 feet below Low Water Datum (LWD), (577.5 feet, I.G.L.D. (International Great Lakes Datum), 1985; 576.8 feet I.G.L.D., 1955). In accordance with the attached Figure #1, the proposed dredging will maintain a rectangular shape extending approximately 600 feet to the east and 500 feet to the west of the intake structure, and approximately 600 feet north and 500 feet south of the intake structure. The lakeward most boundary of the dredging activities is approximately 1,800 feet from the lakeward end of the discharge flume.

Also, deepen the lake bed of Lake Michigan by mechanically dredging around the discharge flume for the Plant. In conformance with the attached Figure #1, begin dredging to a depth of 21 feet below the Low Water Datum approximately 700 feet lakeward of the end of the discharge flume and uniformly sloping to a depth of 10 feet below the Low Water Datum at a distance 400 feet lakeward of the end of the discharge flume. The area between the end of the discharge flume and 400 feet lakeward will be dredged to a depth of 10 feet below the Low Water Datum. The width of this dredged area will be approximately 500 feet (200 feet west and 300 feet east of the discharge flume).

The average total volume of material to be removed in 1999 will be 250,000 cubic yards. Each year thereafter will be dependent upon need and economics; however, it is anticipated that on the average approximately 165,000 cubic yards of material will be dredged each occurence in order to maintain the depths described above. The dredged material will be placed in Disposal Sites #1 and #2 as shown on the attached Figure #2, and may be placed in Disposal Site #1a (Figure #3).

Disposal Site #1 is an area lakeward of the community of Ogden Dunes starting 1,500 feet west of the mouth of the Burns Small Boat Harbor and extending one mile to the west, and from the shoreline extending 1,500 feet lakeward as shown in Figure #3.

Disposal Site #1a is an area that lies east of the community of Ogden Dunes and west of the west breakwater arm of the Burns Small Boat Harbor (Figure #3).

Disposal Site #2 is an area lakeward of the community of Beverly Shores starting at Derby Avenue and extending to the eastern most end of Lake Front Drive and from the shoreline extending 1,500 feet lakeward (Figure #4).

Disposal shall be by scow, within 1,500 feet of the shoreline and as close to the shoreline as feasible without using additional disposal equipment, if sediment analysis confirms an acceptable use as beach nourishment.

STATE OF INDIANA
DEPARTMENT OF NATURAL RESOURCES

DESCRIPTION : Details of the project are contained in plans and information received at the Division of Water on December 23, 1998.

LOCATION : Northern Indiana Public Service Company, Bailly Generating Station near Dune Acres, Westchester Township, Porter County
W½, NW¼, Section 21, T 37N, R 6W, Dune Acres Quadrangle
UTM Coordinates: Downstream = 4610400 North, 489900 East

APPROVED BY :

Michael W. Neyer, PE
Director
Division of Water

APPROVED ON : July 2, 1999

Attachments: Notice Of Right To Administrative Review
General Conditions
Special Conditions
Service List

STATE OF INDIANA
DEPARTMENT OF NATURAL RESOURCES

NOTICE OF RIGHT TO ADMINISTRATIVE REVIEW

APPLICATION #: LM-117

This signed document constitutes the issuance of a permit by the Natural Resources Commission, or its designee, subject to the conditions and limitations stated on the pages entitled "General Conditions" and "Special Conditions".

The permit or any of the conditions or limitations which it contains may be appealed by applying for administrative review. Such review is governed by the Administrative Orders and Procedures Act, IC 4-21.5, and the Department's rules pertaining to adjudicative proceedings, 312 IAC 3-1.

In order to obtain a review, a written petition must be filed with the Division of Hearings within 18 days of the mailing date of this notice. The petition should be addressed to:

Mr. Stephen L. Lucas, Director
Division of Hearings
Room W272
402 West Washington Street
Indianapolis, Indiana 46204

The petition must contain specific reasons for the appeal and indicate the portion or portions of the permit to which the appeal pertains.

If an appeal is filed, the final agency determination will be made by the Natural Resources Commission following a legal proceeding conducted before an Administrative Law Judge. The Department of Natural Resources will be represented by legal counsel.

STATE OF INDIANA
DEPARTMENT OF NATURAL RESOURCES

GENERAL CONDITIONS

APPLICATION #: LM-117

(1) If any archaeological artifacts or human remains are uncovered during construction, federal law and regulations (16 USC 470, et seq.; 36 CFR 800.11, et al) and State law (IC 14-21-1) require that work must stop and that the discovery must be reported to the Division of Historic Preservation and Archaeology within 2 business days.

Division of Historic Preservation and Archaeology
Room W274
402 West Washington Street
Indianapolis, Indiana 46204

Telephone: (317) 232-1646, FAX: (317) 232-8036

(2) This permit must be posted and maintained at the project site until the project is completed.

(3) This permit does not relieve the permittee of the responsibility for obtaining additional permits, approvals, easements, etc. as required by other federal, state, or local regulatory agencies. These agencies include, but are not limited to:

Agency	Telephone Number
Detroit District, U.S. Army Corps of Engineers	(313) 226-2218
Indiana Department of Environmental Management	(317) 233-2471
Local city or county planning or zoning commission	Check local directory

(4) This permit must not be construed as a waiver of any local ordinance or other state or federal law.

(5) This permit does not relieve the permittee of any liability for the effects which the project may have upon the safety of the life or property of others.

(6) This permit may be revoked by the Department of Natural Resources for violation of any condition, limitation, or applicable statute or rule.

(7) This permit shall not be assignable or transferable without the prior written approval of the Department of Natural Resources. To initiate a transfer contact:

Mr. Michael W. Neyer, PE, Director
Division of Water
Room W264
402 West Washington Street
Indianapolis, Indiana 46204

Telephone: (317) 232-4160, FAX: (317) 233-4579

(8) The Department of Natural Resources shall have the right to enter upon the site of the permitted activity for the purpose of inspecting the authorized work.

(9) The receipt and acceptance of this permit by the applicant or authorized agent shall be considered as acceptance of the conditions and limitations stated on the pages entitled "General Conditions" and "Special Conditions".

STATE OF INDIANA
DEPARTMENT OF NATURAL RESOURCES

SPECIAL CONDITIONS

APPLICATION #: LM-117

PERMIT VALIDITY: This permit is valid for 60 months from the "Approved On" date shown on the first page. If work has not been initiated by July 2, 2004 the permit will become void and a new permit will be required in order to continue work on the project.

This permit becomes effective 18 days after the "MAILED" date shown on the first page. If both a petition for review and a petition for a stay of effectiveness are filed before this permit becomes effective, any part of the permit that is within the scope of the petition for stay is stayed for an additional 15 days.

CONFORMANCE : Other than those measures necessary to satisfy the "General Conditions" and "Special Conditions", the project must conform to the information received by the Department of Natural Resources on: December 23, 1998. Any deviation from the information must receive the prior written approval of the Department.

Number	Special Condition
(1)	Subject to suspension or revision, the permit shall be and remain in force for the period of (5) years from the "Approved On" date of this permit, however, the permit may be renewed by the Northern Indiana Public Service Company hereafter referred to as the Permittee, by written application filed with the Department of Natural Resources, hereafter referred to as the Department, at least (6) months prior to expiration of the permit.
(2)	If any change is made in the plans as outlined above, the Permittee shall notify the Department, the Save the Dunes Council, the Town of Ogden Dunes (collectively, the Parties), and the Indiana Dunes National Lakeshore (the Interested Party), by certified mail or personal delivery. The permittee shall receive the written approval of the Department before making such a change, which change shall not be approved for ten (10) state business days following the delivery of notice to the Department.
(3)	The Permittee contact the Department of Natural Resources, Division of Water to obtain sediment testing and analysis requirements prior to the start of dredging.
(4)	NIPSCO shall prepare bid specifications which require the dredging contractor, to the extent possible, to prepare and implement a plan to deposit dredge material in the shore most and easternmost portion of Disposal Sites #1 and #2 (the Disposal Plan). NIPSCO shall circulate to the Department, Save the Dunes Council, the Town of Ogden Dunes (collectively the Parties), and the Indiana Dunes National Lakeshore (the Interested Party) the portion of the bid specifications detailing the requirements for dredge material placement and the Disposal Plans (but not the entire bid package) after they are received from the dredging contractors. Other Parties and the Interested Party may submit comments to NIPSCO on the Disposal Plans, and NIPSCO will consider the comments when selecting a dredging contractor. However, the other Parties and Interested Party recognize that selection of a dredging contractor is within the sole discretion of NIPSCO. The other Parties and Interested Party recognize that the dredging contractor, not NIPSCO, will accomplish the dredging according to the bid specifications, the contract, and the Dredging Plan. (Figures #3 and #4)

STATE OF INDIANA
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SPECIAL CONDITIONS

APPLICATION #: LM-117

Number	Special Condition
(5)	Distribution of dredging spoils shall be approximately 75% of the estimated total volume at Disposal Site #1 and 25% of the estimated total volume at Disposal Site #2 (Figure #2). At Disposal Sites #1 and #2, if the difference between the actual volume dredged and the estimated volume is greater than 5%, an adjustment in the distribution of dredging spoils will be made during the next subsequent dredging activity. The adjustment will be based on the difference between the prescribed percentages and actual percentages of dredging spoils deposited at each site during the preceding dredging activity. After adjustment, the balance of the anticipated dredging spoils will be distributed per the perscribed percentages.
(6)	The surety bond and payment of royalty fees be waived contingent upon the placement of dredge spoil for beach nourishment or in a landfill as defined in IC 13-11-2-116.
(7)	NIPSCO shall require the dredging contractor to monitor and track the placement and volume of material disposed in Disposal Site #1 and Disposal Site #2, and NIPSCO shall make available this information to the Parties and the Interested Party. These records shall be provided to the Department with the required quarterly volume report. If for any reason the contractor exceeds the 1 mile western limit of Disposal Site #1, NIPSCO must prepare a written explanation of why this violation of the western limit occured, and provide it to the Department.
(8)	The permittee shall submit to the Department a verified quarterly report and full account for all such material removed from the lake bed during the preceding quarter; the Department reserves the right to require the Permittee to use the Department of Natural Resources standard reporting format should the contractors standard format prove to be unclear in the presentation of the required information.
(9)	Dredging will occur every two years for the purpose of better maintenance of the operational efficiency of the NIPSCO water intake and discharge flume and to provide more regular beach nourishment. The volume of sand to be removed at each occurence will be approximately 165,000 cubic yards, except in 1999 when 250,000 cubic yards will be removed.
(10)	If the dredge material is to be used for beach nourishment in Disposal Site #1a, such that it results in direct human contact with the material, the Department be notified in order to determine if a more extensive sediment testing and analysis program may be required prior to the start of dredging.
(11)	At Disposal Site #1a, disposal of sand may occur on the beach and lake bed and shall be placed no farther than 500 feet offshore of the dune-bluff face, and may be no closer than 300 feet to the mouth of the Small Boat Harbor (Figure #3).
(12)	Disposal of dredge material should occur in approximately 12 feet of water depth, and the depth of the disposal area should never exceed 20 feet of water depth.
(13)	Disposal of dredge material closer to the beach by a split hull barge (in water depth less than 12 feet) is permitted, if sediment analysis confirms its use as "beach nourishment" is acceptable.
(14)	To the extent possible, place dredged material in the shore most and eastern most portion of Disposal Sites #1 and #2. (the Disposal Plan Figures #2, #3 and #4)
(15)	Sand deposited in Disposal Site #1 may be moved from the lakebed to Disposal Site #1a, if the methods used to relocate this material conform to the conditions set out under DNR permit LM-111 (dump/pump), issued to the Town of Ogden Dunes on November 14, 1997, and which expires November 14, 2002. (Figure #3)

STATE OF INDIANA
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SPECIAL CONDITIONS

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Number	Special Condition
(16)	If sediment is removed hydraulically and transported to an upland dewatering basin, adequate slurry detention time and sediment removal measures must be used to ensure that the water returned to the lake is not carrying excessive sediment back into the lake.
(17)	If permits LM-117 and LM-111 are to be implemented together, the Permittee and Town of Ogden Dunes shall contact the DNR Lake Michigan Specialist to discuss the details and coordinate the work done under both permits.
(18)	The work, workings, and operations of the Permittee shall not impede the navigation of such waters, nor injure, damage, impair or endanger any bridge, highway, railroad, public work or utility, or the property of a riparian owner, adjoining proprietor or adjacent permittee, nor endanger the safety of the public or lives of individuals.
(19)	All excavated material must be properly spread or completely removed from the project site such that erosion and off-site sedimentation of the material is prevented.
(20)	Vegetation must be established on any disturbed areas as soon as possible using straw mulch or erosion control blankets to enhance stand establishment and prevent erosion.
(21)	Minimize the movement of resuspended bottom sediment from the immediate project area.

STATE OF INDIANA
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SERVICE LIST

APPLICATION #: LM-117

Northern Indiana Public Service
Company Bailly Generating Station
Kevin E. Hoge
5265 Hohman Avenue
Hammond IN 46320

Thomas R. Anderson
Executive Director
Save the Dunes Council
444 Barker Road
Michigan IN 46360

Mr. Stephen E. Davis
IDNR, Lake Michigan Specialist
100 West Water Street
Michigan City IN 46360

Porter County Plan Commission
Courthouse
155 Indiana Avenue Room 304
Valparaiso IN 46383-555

Staff Assignment
Administrative: Darlene Emerson
Technical : George F. Menze
Environmental : Stephen H. Jose

Dale B. Engquist, Superintendent
Indiana Dunes National Lakeshore
United States Dept. of the Interior
1100 North Mineral Springs Road
Porter IN 46304

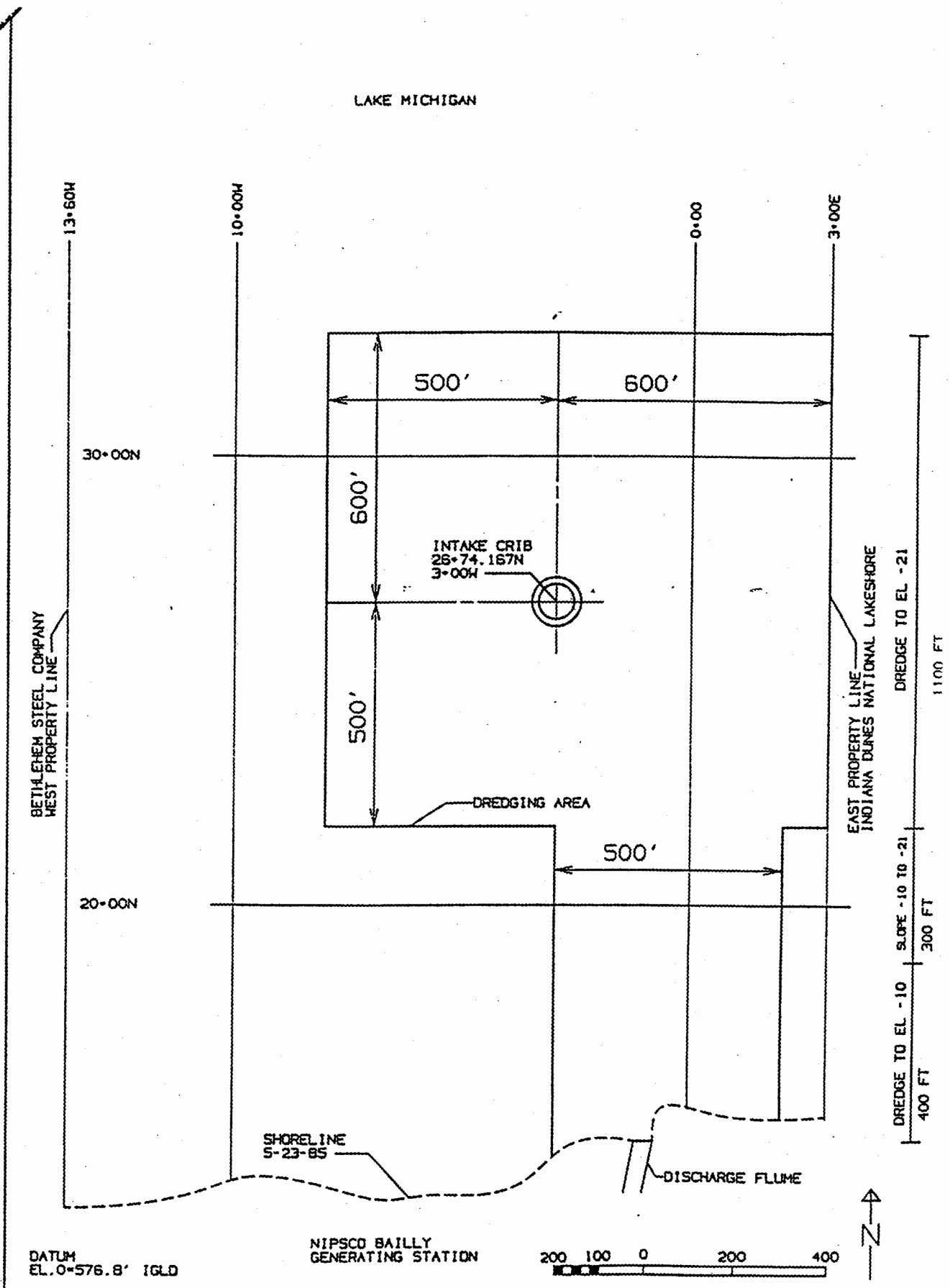
Regulatory Functions Branch
Detroit District, USACOE
c/o Mr. Gary Mannesto
P.O. Box 1027
Detroit MI 48231-1027

Division of Law Enforcement, IDNR
North Region Headquarters (Dist 10)
c/o Capt. Bruce Clear
RR 6, Box 344
Peru IN 46970

Ogden Dunes Town Council
115 Hillcrest Road
Portage IN 46368

Porter County
Soil and Water Conservation Distri
3001 Leonard Drive STE 104
Valparaiso IN 46383

Dune Acres Planning Commission
Town Hall, 15 Crest Drive
Chesterton IN 46304



NORTHERN INDIANA PUBLIC SERVICE COMPANY HAMMOND INDIANA		TITLE	DREDGING AREA IN LAKE MICHIGAN
DRAWN BY ORL	DATE 9-27-88	REV.	DETAIL
CHECKED BY	DESIGNED O.R.LOVELESS		
DEPT. SUB-D.	APPROVED	SCALE 1"=200'	LOCATION BAILLY GEN. STATION
			FIGURE #1

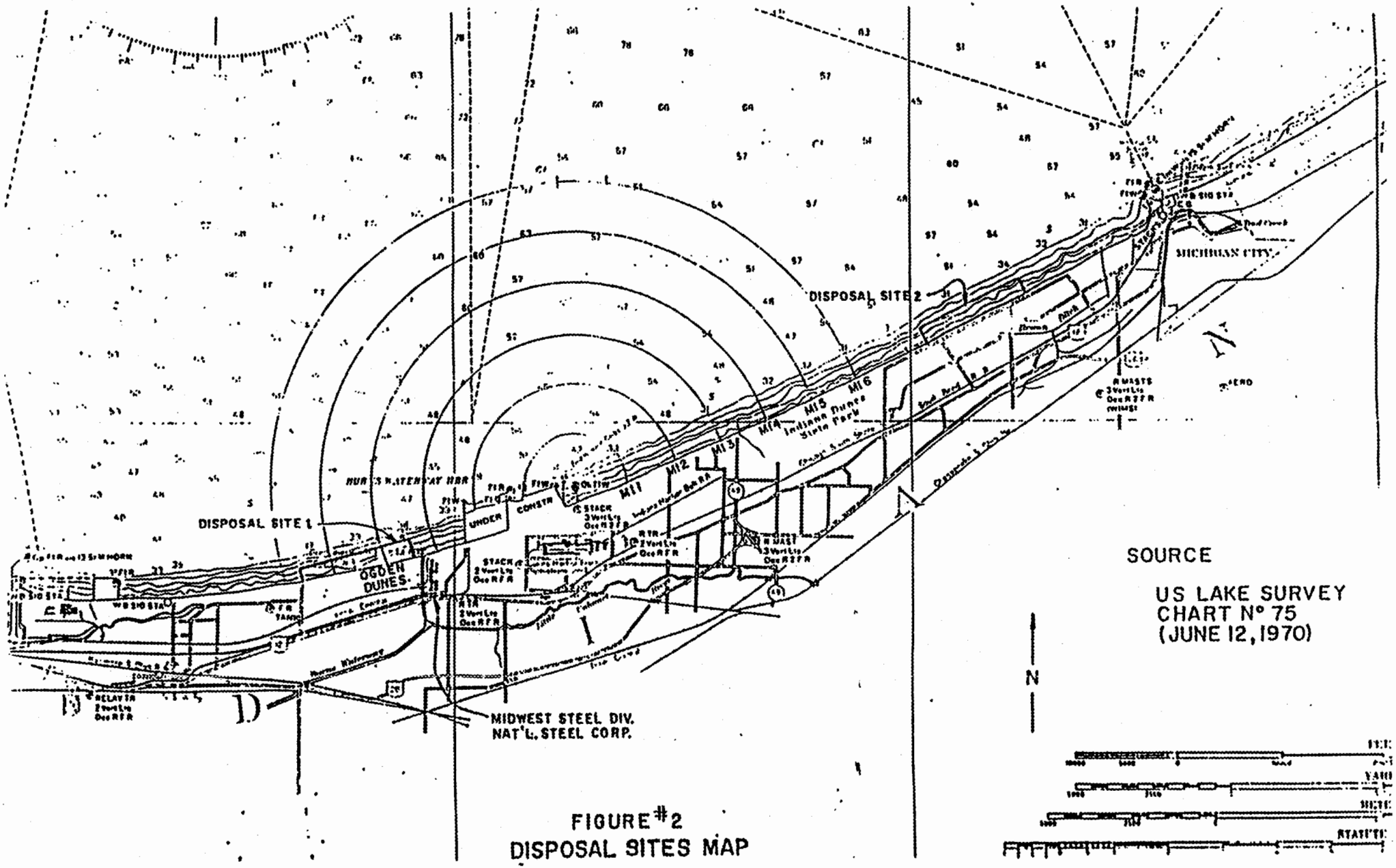


FIGURE #2
DISPOSAL SITES MAP

FIGURE 3

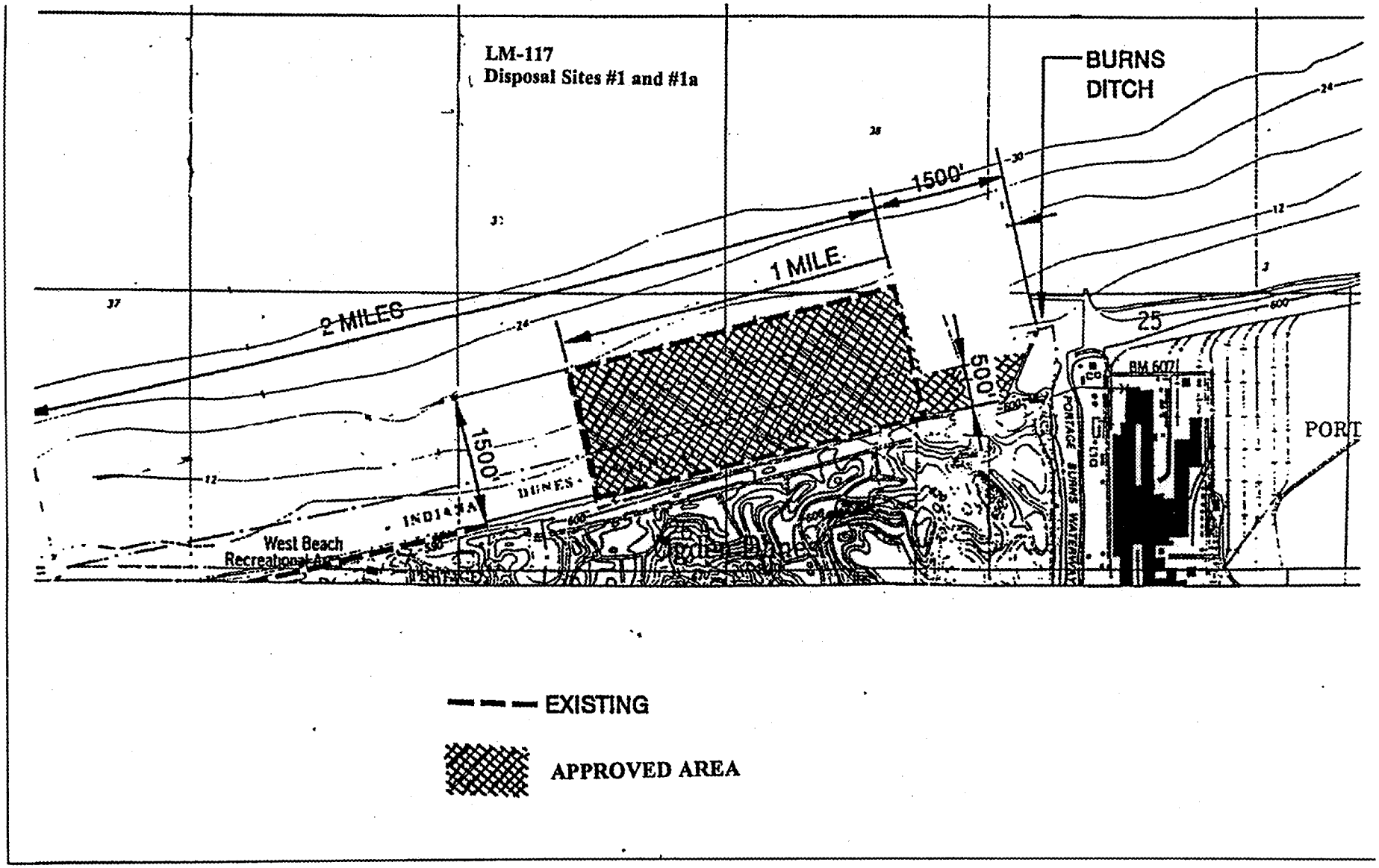
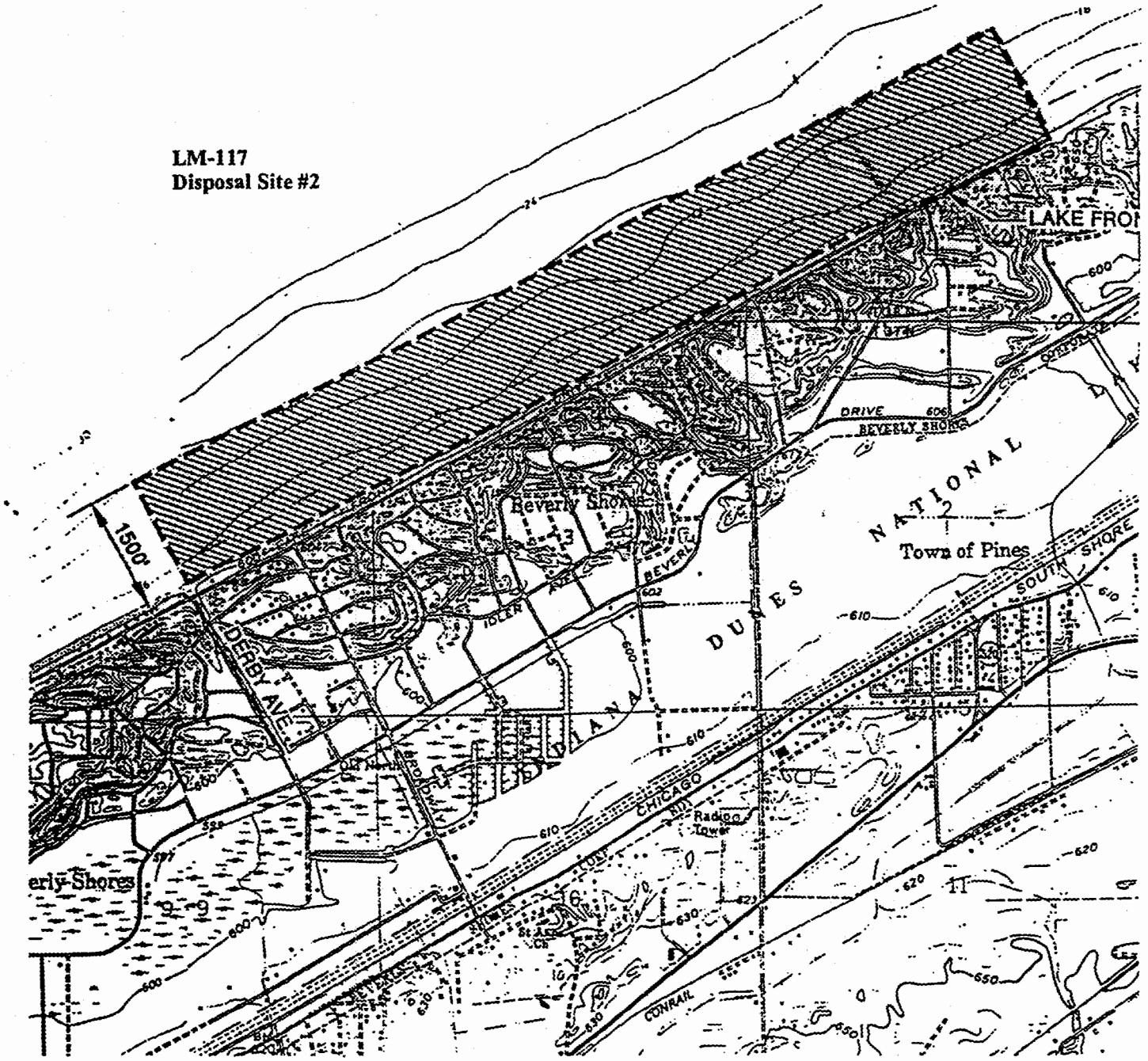

LM-117
Disposal Sites #1 and #1a
BURNS
DITCH
1500'
1 MILE
2 MILES
500'
1500'
25
BM 607
INDIANA
DUNES
West Beach
Recreational
Ryder Dunes
PORTAGE BURNS WATERWAY
PORT
EXISTING
APPROVED AREA

FIGURE 4

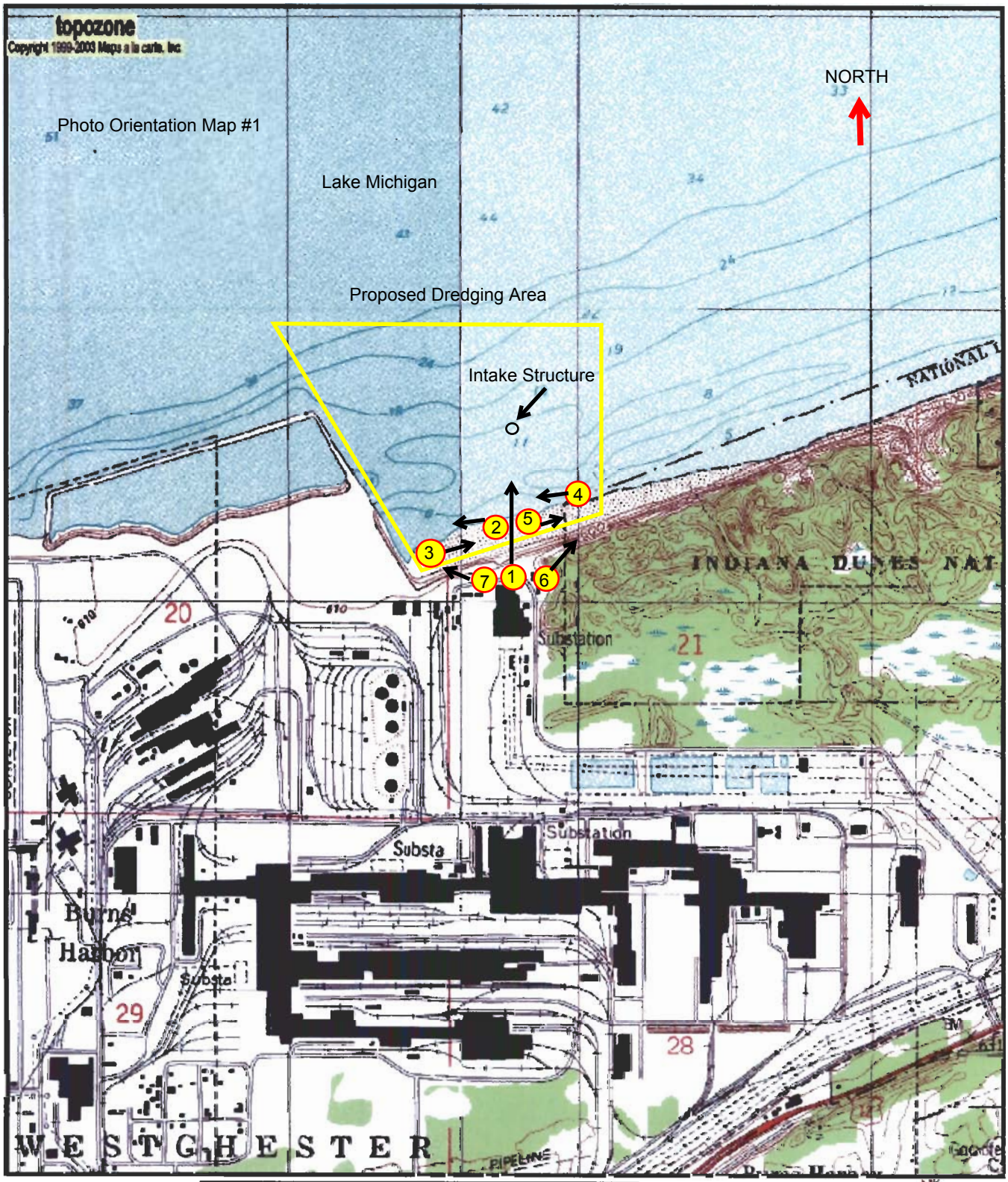


REVISED DISPOSAL AREA No. 2

APPROVED AREA

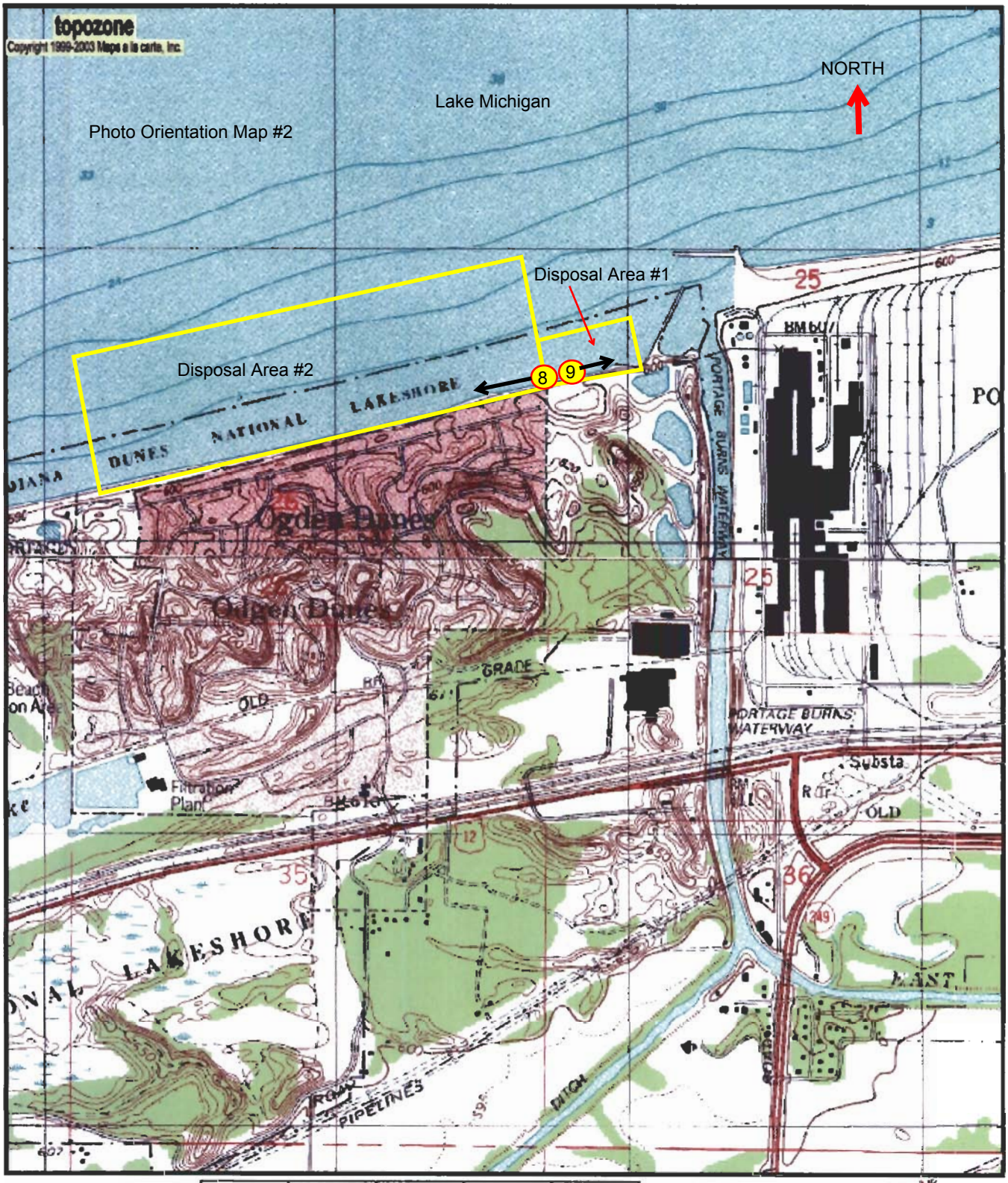
Appendix C

Project Photographs
(All Photographs Were Taken on July 1, 2005)



Map center is UTM 16 489744E 4610244N (WGS84/NAD83)
Dune Acres quadrangle
Projection is UTM Zone 16 NAD83 Datum

Applicant: U.S. Army Corps of Engineers, Chicago District
Project: NIPSCO Bailly Generation Station Water Intake Structure Dredging
Date: July 14, 2005, Scale: 1:24,000



0 0.3 0.6 0.9 1.2 1.5 km

0 0.2 0.4 0.6 0.8 1 mi

Map center is UTM 16 484577E 4608043N (WGS84/NAD83)

Ogden Dunes quadrangle

Projection is UTM Zone 16 NAD83 Datum

M=-3.413

G=-0.123

Applicant: U.S. Army Corps of Engineers, Chicago District

Project: NIPSCO Bailly Generation Station Water Intake Structure Dredging

Date: July 14, 2005, Scale: 1:24,000

1. Photo taken in direction #1 on Photo Orientation Map #1. This photo was taken from the roof of the Bailly Generating Station. The light blue color of water surrounding the intake structure indicates the shallow water depth. The outlet channel from the discharge flume is shown on the right side of this photo.

2. Photo taken in direction #1 on Photo Orientation Map #1. This photo was taken from the roof of the Bailly Generating Station using a zoom lens. This picture shows a close-up view of the intake structure from the roof.

3. Photo taken in direction #1 on Photo Orientation Map #1. This photo was taken from the Lake Michigan shoreline, lakeward of the Bailly Generating Station, and it shows a close-up view of the intake structure.

4. Photo taken in direction #2 on Photo Orientation Map #1. This photo was taken from the Lake Michigan shoreline, lakeward of the Bailly Generating Station, and the picture looks west toward the steel plant breakwater.

5. Photo taken in direction #2 on Photo Orientation Map #1. This photo was taken from the Lake Michigan shoreline, lakeward of the Bailly Generating Station. The picture looks west toward the steel plant breakwater and shows the sand accumulation lakeward of the Bailly Generating Station.

6. Photo taken in direction #3 on Photo Orientation Map #1. This photo was taken from the Lake Michigan shoreline, near the steel plant breakwater, and looks east toward the Indiana Dunes National Lakeshore. The intake structure is shown on the left side of the photo.

7. Photo taken in direction #3 on Photo Orientation Map #1. This photo was taken from the Lake Michigan shoreline, near the steel plant breakwater, and looks east toward the Indiana Dunes National Lakeshore. The Bailly Generating Station is shown on the right side of the photo.

8. Photo taken in direction #4 on Photo Orientation Map #1. This photo was taken from the Lake Michigan shoreline, east of the Bailly Generating Station, and shows the intake structure and steel plant breakwater in the distance.

9. Photo taken in direction #4 on Photo Orientation Map #1. This photo was taken from the Lake Michigan shoreline, east of the Bailly Generating Station, and shows the sand spit between Lake Michigan and the outlet channel from the discharge flume. The steel plant breakwater is on right side of photo.

10. Photo taken in direction #4 on Photo Orientation Map #1. This photo was taken from the Lake Michigan shoreline, east of the Bailly Generating Station, and shows the outlet channel from the discharge flume at the left side of photo.

11. Photo taken in direction #5 on Photo Orientation Map #1. This photo was taken from the Lake Michigan shoreline, lakeward of the Bailly Generating Station, toward the Indiana Dunes National Lakeshore. This photo shows the sand spit between Lake Michigan and the outlet channel from the discharge flume.

12. Photo taken in direction #5 on Photo Orientation Map #1. This photo was taken from the Lake Michigan shoreline, lakeward of the Bailly Generating Station, and shows the outlet channel from the discharge flume, directed toward the Indiana Dunes National Lakeshore.

13. Photo taken in direction #6 on Photo Orientation Map #1. This photo was taken from the roof of the Bailly Generating Station and looks east along the Lake Michigan shoreline toward the Indiana Dunes National Lakeshore.

14. Photo taken in direction #7 on Photo Orientation Map #1. This photo was taken from the roof of the Bailly Generating Station and looks northwest at the steel plant breakwater. This picture shows the accumulation of sand to the east of the breakwater and lakeward of the Bailly Generating Station.

15. Photo taken in direction #8 on Photo Orientation Map #2. This photo was taken from the Lake Michigan shoreline, just east of the Town of Ogden Dunes, and the picture looks west toward the eastern end of the seawall.

16. Photo taken in direction #9 on Photo Orientation Map #2. This photo was taken from the Lake Michigan shoreline, just east of the Town of Ogden Dunes, and the picture looks east toward the west breakwater of Burns Small Boat Harbor. This picture shows the erosion of the shoreline and the need for beach nourishment.